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March 25, 1937

THE TOBACCO SITUATION

Spring Outlook Issue

This issue, which has been prepared with particular reference to the report of farmers' intentions to plant as issued March 19 by the Crop Reporting Board of the Bureau of Agricultural Economics, brings up to date the 1937 outlook for tobacco, which was issued by the Bureau in co-operation with Federal and State extension workers last November.

SUMMARY

Tobacco growers report intentions, as of March 1, to increase total acreage of all types of tobacco by approximately 15 percent over the 1936 harvested acreage. Since consumption is increasing, and stocks of most types are expected to be lower this year than at the beginning of the 1936 marketing season, the general market outlook for tobacco remains favorable despite the indicated increase in acreage.

With two minor exceptions, both among the cigar types, the intended acreage for every type of tobacco is larger than last year's harvested acreage. The increases indicated for the important classes and types range from 3 percent for Maryland tobacco to 30 and 31 percent, respectively, for dark air-cured and Burley. Growers of flue-cured tobacco indicate an increase in acreage of 10 percent. Indicated acreage of cigar tobacco is up 11 percent, and fire-cured 9 percent over the harvested acreage in 1936.

With the indicated acreage, the outlook now appears favorable for Burley, cigar, and dark air-cured types. There is more uncertainty, however,

in the outlook for flue-cured and Maryland. In the case of flue-cured tobacco, average yields would result in a market situation similar to that of last year, but yields materially above average would result in a production which probably could not be sold at prices satisfactory to growers. The uncertain factor in the Maryland situation is the demand outlook, but the available information on prospective demand seems moderately favorable at present. Only for the fire-cured types does the outlook appear definitely discouraging.

FLUE-CURED, TYPES 11-14

Flue cured tobacco acreage this year is expected to be about 968 thousand acres if growers carry out their March 1 intentions. This represents a 10 percent increase over last year's harvested acreage, but it is a little less than the 1928-32 average.

The outlook with this increased acreage will depend almost entirely on the yields obtained. With a yield this year equal to the 1931-35 average of 766 pounds per acre, production would be about 46 million pounds larger than last year. Since the 1936-37 disappearance is expected to be about the same as the 1936 production, stocks at the beginning of the 1937-38 marketing year will probably be about the same as last year, which would mean that an increase in production would represent an equivalent increase in total supplies, amounting to about 46 million pounds on a farm-sales-weight basis.

Domestic consumption is expected to continue its upward trend. Some increase is believed likely in European demand, but this may be partially offset by the unfavorable outlook in the Orient, and total foreign demand is not expected to be much higher than last year. Taking the domestic and foreign situation together a moderate increase in demand is expected. It seems probable, therefore, that such an increase in supply would result in a market situation not greatly different from that of last year when prices averaged about 22 cents per pound. On the other hand, yields materially above the average would bring about a production in excess of expected requirements, and would probably result in correspondingly lower prices.

Flue-cured tobacco: Domestic supplies, disappearance, and price to farmers, average 1931-35, annual 1935, 1936 and indications for 1937

Type	Farm-sales-weight equivalent					
	Average 1931-35	1935	1936 1/	Based on intended acreage specified yields, and probable stocks		
				1937 2/	1937 3/	1937 4/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Flue-cured, Types 11-14 -						
Production	628.9	811.2	695.1	741.3	898.1	585.5
Stocks (July 1)	770.6	752.6	871.3	865.3	865.3	865.3
Supply	1,399.5	1,563.8	1,566.4	1,606.6	1,763.4	1,450.8
Disappearance	613.6	692.5	701.1			
Price (cents)	16.5	20.0	22.0			

1/ Preliminary.
2/ Production based on 5-year average yield, 1931-35, of 766 pounds; 3/ high 1935 yield of 928 pounds; and 4/ low 1932 yield of 605 pounds.

Copies of "Agricultural Statistics, 1936" Available

A limited number of copies of "Agricultural Statistics, 1936" are still available. This 420-page printed volume contains statistics which cover practically all of the important farm products of the United States. The statistics relate to acreage, production, farm price, farm value, and foreign trade of the principal commodities. Copies may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D.C. at 50 cents each.

BURLEY, TYPE 31

A 31 percent increase in acreage over last year's relatively small harvested acreage is indicated by the March 1 intentions of Burley growers. This would mean 405 thousand acres of Burley, which would still be 22 thousand acres less than the 1928-32 average.

Because of unusually low production last year, increased consumption, and losses of leaf tobacco as a result of flood conditions, stocks at the beginning of the 1937-38 marketing year are expected to be about 130 million pounds less than those of October 1, 1936, which, on a farm-sales-weight basis, amounted to 682 million pounds. If the 1931-35 average yield of 792 pounds is obtained this year, a production of 321 million pounds would result - 104 million pounds more than last year. Since this increase in production would not offset the expected decrease in stocks, total supplies would be less than those of October 1, 1936. Even if the high 1931 yield of 845 pounds per acre were obtained on the intended acreage this year, the total supply would be only a little above the short supply of 1936.

In view of these circumstances and the fact that a further increase in the demand for Burley in cigarettes is expected, the outlook for this type of tobacco remains favorable.

Burley tobacco: Domestic supplies, disappearance, and price to farmers, average 1931-35, annual 1935, 1936, and indications for 1937

Type	Farm-sales-weight equivalent					
				Based on intended acreage, specified yields, and probable stocks		
	Average 1931-35	1935	1936 1/	1937 2/	1937 3/	1937 4/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Burley, Type 31 -						
Production	315.8	220.9	216.8	320.8	342.2	299.7
Stocks (Oct. 1)	700.7	769.9	681.7	561.3	561.3	561.3
Supply	1,016.5	990.8	898.5	882.1	903.5	861.0
Disappearance	281.5	309.1	337.2			
Price (cents)	13.5	19.1	5/ 35.8			

1/ Preliminary.
2/ Production based on 5-year average yield of 1931-35 of 792 pounds;
3/ high 1931 yield of 845 pounds; and 4/ low 1932 yield of 740 pounds.
5/ Average price for warehouse sales in Kentucky to March 1, 1937.

MARYLAND, TYPE 32

Though the 1936 production of Maryland tobacco was the largest on record, according to present estimates, if the present rate of disappearance is maintained, stocks on January 1, 1938 will not be significantly different from those of January 1 this year.

Intended acreage this year is one thousand acres larger than last year's 37 thousand harvested acres, but production is not likely to increase unless unusually high yields are obtained. With little change in sight for either production or stocks, prospective demand is the chief element in the outlook for the 1937 crop. This factor appears moderately favorable at the present time. An increase in domestic consumption is likely to result from the expanding cigarette business, and while there have been material losses in the foreign trade in Maryland tobacco, present indications suggest some improvement.

Maryland tobacco: Domestic supplies, disappearance, and price to farmers, average 1931-35, and annual 1935, 1936, and indications for 1937

Type	Farm-sales-weight equivalent					
	Average 1931-35	1935	1936 1/	Based on intended acreage, specified yields, and probable stocks		
				1937 2/	1937 3/	1937 4/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Maryland, Type 32.						
Production	26.6	27.9	29.3	27.2	29.4	22.8
Stocks 5/	33.5	38.6	38.5	36.0	36.0	36.0
Supply	60.1	66.5	68.1	63.2	65.4	58.8
Disappearance	23.3	28.1	32.1			
Price (cents)	17.4	20.0				

1/ Preliminary.
2/ Production based on 5-year average, 1931-35 of 716 pounds; 3/ high yield of 775 pounds in 1932; and 4/ low yield of 600 pounds in 1933.
5/ January 1 of year following production.

FIRE-CURED, TYPES 21-24

Although the consumption of snuff, the chief domestic outlet for fire-cured tobacco, has recently shown a small increase, there has been a consistent downward trend in exports, which constitute the bulk of the disappearance of these types of tobacco. This downward trend is expected to continue. To reduce excessive stocks, large quantities have been diverted to by-product uses during the past year under a temporary program of the Agricultural Adjustment Administration.

With normal yields, a production in excess of probable requirements is to be expected from the intended acreage. With these facts in mind, even allowing for some loss of leaf tobacco from flood damage, there appears to be no justification for the 9 percent increase in acreage indicated for this year.

Fire-cured tobacco: Domestic supplies, disappearance, and price to farmers, average 1931-35, annual 1935, 1936, and indications for 1937

Type	Farm-sales-weight equivalent					
	Average 1931-35	1935	1936 1/	Based on intended acreage, specified yields, and probable stocks		
				1937 2/	1937 3/	1937 4/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Total fire-cured, Types 21-24 -						
Production	139.1	118.2	104.1	116.5	126.0	110.0
Stocks (Oct.1)	202.7	223.9	208.0	203.7	203.7	203.7
Supply	340.8	342.1	312.1	320.2	329.7	313.7
Disappearance	131.1	134.1	108.4			
Price (cents)	8.0	8.8	5/ 11.6			

1/ Preliminary.
2/ Production based on 5-year average yield 1931-35 of 808 pounds; 3/ high 1934 yield of 874 pounds; and 4/ low 1933 yield of 763 pounds.
5/ Average price for warehouse sales to March 19, 1937.

DARK AIR-CURED, TYPES 35-37

Growers of all dark air-cured types of tobacco intend to increase their total acreage about 30 percent above that harvested in 1936. If average yields are obtained, this would result in a production of about 38 million pounds, which is approximately equal to the expected 1936-37 disappearance. With production thus offsetting consumption in the previous year, total supplies are likely to be about the same as the comparatively small 1936 supply of 88 million pounds. Since demand conditions are also expected to remain about the same, the outlook continues favorable.

Dark air-cured tobacco: Domestic supplies, disappearance, and price to farmers, average 1931-35, annual 1935, 1936, and indications for 1937

Type	Farm-sales-weight equivalent					
	Average 1931-35	1935	1936 1/	Based on intended acreage, specified yields, and probable stocks: 1937 2/	1937 3/	1937 4/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
One Sucker, Type 35 -						
Production	17.6	13.0	11.6	17.4	18.9	16.6
Stocks (Oct.1)	34.6	32.7	28.8	24.2	24.2	24.2
Supply	52.2	45.7	40.4	41.6	43.1	40.8
Disappearance	18.9	16.9	16.3			
Price (cents)	8.0	8.2	5/16.6			
Green River, Type 36:						
Production	21.0	15.2	11.2	16.7	17.8	14.8
Stocks (Oct.1)	36.2	34.3	30.7	23.8	23.8	23.8
Supply	57.2	49.5	41.9	40.5	41.6	38.6
Disappearance	20.5	18.8	18.1			
Price (cents)	8.0	7.3	5/14.5			
Virginia sun-cured, Type 37 -						
Production	2.4	2.8	2.6	3.3	4.1	2.6
Stocks (Oct.1)	3.6	2.7	2.7	2.5	2.5	2.5
Supply	6.0	5.5	5.3	5.8	6.6	5.1
Disappearance	2.7	2.8	2.8			
Price (cents)	8.2	11.0	5/15.1			
Total dark air-cured, Types 35-37 -						
Production	41.0	31.0	25.4	37.8	40.5	34.9
Stocks (Oct.1)	74.4	69.7	62.2	50.5	50.5	50.5
Supply	115.4	100.7	87.6	88.3	91.0	85.4
Disappearance	42.1	38.5	37.2			
Price (cents)	8.1	8.0	5/15.5			

1/ Preliminary.
2/ Production based on 5-year average yield, 1931-35; 3/ high yield; and 4/ low yield obtained during 1931-35.
5/ Average price for warehouse sales in Kentucky and Virginia to March 1, 1937.

CIGAR TOBACCO, TYPES 41-65

Reported intentions indicate an 11 percent increase in the acreage of cigar tobacco with the filler class showing a 10 percent increase, the binder class 15 percent, and the wrapper class 7 percent. Consumption of cigar tobacco has been greater than production during the last 3 years, and the increases in acreage indicated for 1937 do not appear to be large enough to change this situation. In the case of the filler types, an average yield on the intended acreage would result in a production of only 46 million pounds, while disappearance during 1936-37 will probably be 55 million pounds or more. The indicated acreage of the binder types would produce from 40 to 47 million pounds, depending on the yield, compared with an estimated 1936-37 disappearance of 65 million pounds or more. Expected production of the wrapper types appears to be more in line with consumption, but may be a little less than requirements.

In view of these circumstances and the increasing consumption of cigars, the outlook for all 3 classes continues favorable.

Cigar tobacco: Domestic supplies, disappearance, and price to farmers, average 1931-35, annual 1935, 1936, and indications for 1937

Type	Farm-sales-weight equivalent					
				Based on intended acreage, specified yields, and probable stocks 2/		
	Average 1931-35	1935	1936 1/	1937 3/	1937 4/	1937 5/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Filler, Types 41-45 -						
Production	55.8	46.8	46.2	46.0	51.4	39.2
Stocks (Oct. 1) 2/	171.8	168.5	164.6	152.7	152.7	152.7
Supply	227.6	215.3	210.8	198.7	204.1	191.9
Disappearance	53.2	50.7	58.1			
Price (cents)	7.1	9.7				
Binder, Types 51-55 -						
Production	52.5	33.4	40.5	43.1	46.8	39.7
Stocks (Oct. 1) 2/	204.2	183.4	156.8	126.0	126.0	126.0
Supply	256.7	216.8	197.3	169.1	172.8	165.7
Disappearance	59.1	59.9	71.3			
Price (cents)	9.8	12.8				
Wrapper, Types 61-62 -						
Production	7.2	7.8	9.4	9.6	10.0	9.1
Stocks (Oct. 1) 2/	16.6	13.5	11.0	9.5	9.5	9.5
Supply	23.8	21.3	20.4	19.1	19.5	18.6
Disappearance	8.8	10.3	10.9			
Price (cents)	65.1	79.7				

1/ Preliminary.
2/ Estimated stocks held by dealers and manufacturers; stocks held on farms not included.
3/ Production based on 5-year average yield 1931-35; 4/ high yield; and 5/ low yield obtained during 1931-35.

Tobacco acreages by types, average 1931-35, annual 1935, 1936 and 1937 intentions as of March 1

Types	Acreage				
	Average 1931-35	1935	1936	1937 Intentions	1937 Increase over 1936
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Percent
Flue-cured, Types 11-14	815.2	874.0	881.0	967.8	9.9
Va. fire-cured, Type 21	27.3	23.5	24.7	27.2	10.1
Ky. and Tenn. fire-cured, Type 22	99.3	83.0	73.0	81.0	11.0
Ky. and Tenn. fire-cured, Type 23	39.6	32.5	31.2	32.0	2.6
Henderson fire-cured, Type 24	5.2	3.6	3.0	4.0	33.3
Burley, Type 31	399.4	278.9	308.8	405.0	31.2
Md., Type 32	37.2	37.0	37.0	38.0	2.7
One Sucker, Type 35	21.5	15.6	15.6	21.2	35.9
Green River, Type 36	24.8	18.0	16.0	20.0	25.0
Va. sun-cured, Type 37	3.3	3.1	3.5	4.6	31.4
Pa. Seedleaf, Type 41	28.5	20.5	23.0	23.2	.9
Miami Valley, Types 42-44	21.6	16.2	14.0	17.5	25.0
Ga. and Fla. sun-grown, Type 45	.7	1.1	.8	.8	0.0
Conn. Valley Broadleaf, Type 51	8.4	6.3	7.5	7.8	4.0
Conn. Valley Havana Seed, Type 52	7.5	4.1	4.9	5.4	10.2
N.Y. and Pa. Havana Seed, Type 53	1.2	.5	.8	1.2	50.0
Southern Wisconsin, Type 54	12.6	6.0	7.2	8.4	16.7
Northern Wisconsin, Type 55	8.3	5.2	6.0	7.5	25.0
Conn. Valley shadegrown, Type 61	5.2	5.7	6.4	7.0	9.4
Ga. and Fla. shadegrown, Type 62	2.2	2.3	2.6	2.6	0.0
United States	1,569.0	1,437.1	1,467.0	1,682.2	14.7

Tax-paid withdrawals of tobacco products, July-February, and production of manufactured tobacco, July-December, in the United States, 1935-36 and 1936-37 1/

Products	Tax-paid withdrawals July-Feb. 1935-36	Tax-paid withdrawals July-Feb. 1936-37	Change 1936-37 from 1935-36	Manufactured tobacco	Production July-Dec. 1935	Production July-Dec. 1936	Change 1936 from 1935
	Millions	Millions	Percent		1,000 pounds	1,000 pounds	Percent
Large cigars	3,444	3,687	+ 7.1	Plug	30,533	30,088	- 1.5
Small cigars	119	121	+ 1.7	Twist	2,859	3,294	+15.2
Small cigarettes	92,735	106,348	+14.7	Fine-cut	2,584	2,943	+13.9
Large cigarettes	2	2	0	Scrap chewing	21,937	22,688	+ 3.4
Manufactured tobacco 2/	203,476	200,669	- 1.4	Smoking	97,025	96,968	- .1
Snuff 2/	23,894	24,671	+ 3.3				

1/ Tax-paid withdrawals include products from the Philippine Islands and Puerto Rico.
2/ Thousand pounds.

Tobacco: Exports by types from the United States, marketing year to January, average 1931-32 to 1935-36, annual 1935-36 and 1936-37

Type	Exports (export weight) Oct.-Jan. Average 1931-32 to 1935-36	1935-36	1936-37 Quantity	1936-37 Change from 1935-36
	1,000 pounds	1,000 pounds	1,000 pounds	Percent
Flue-cured 1/	210,698	240,806	234,970	- 2.4
Burley	2,969	2,345	3,937	+ 67.9
Ky. and Tenn. fire-cured	17,082	19,825	9,197	- 53.6
Va. fire-cured	4,033	4,155	2,847	- 31.5
Md. 2/	529	1,668	494	- 70.4
One Sucker	246	308	285	- 7.5
Green River	475	640	501	- 21.7
Cigar leaf	462	307	186	- 39.4
Black fat water baler and dark African	3,073	3,484	3,516	+ .9
Stems, trimmings, and scrap	8,310	9,036	12,251	+ 35.6

1/ July-January.
2/ January.